

NKANDLA MUNICIPALITY



FINAL BUDGET 2019/20 TO 2021/22

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Abbreviations and Acronyms

CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information
kℓ	kilolitre
km	kilometre
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
PPE	Property Plant and Equipment
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

PART 1 – APPROVED ANNUAL BUDGET

1. MAYOR’S REPORT

SPEECH BY HIS WORSHIP THE MAYOR OF NKANDLA MUNICIPALITY CLLR THAMSANQA NTULI DURING THE OCCASION OF THE TABLING OF THE MUNICIPAL BUDGET AT THE NKANDLA MUNICIPALITY COUNCIL

29 MAY 2019

**Honourable Speaker Cllr SO Sibiya
Honourable Deputy Mayor Cllr NFJ NZUZA
Honourable Members of the Executive Committee
Honourable Members of the Municipal Council
Members of the Mayoral Committees for Finance
Traditional Leaders
Municipal Manager
All Heads of Departments and all managers
Chairpersons of Public Accounts committee**

The People of Nkandla

It is with great pleasure and gratitude that I once again stand in this council to present the 2019/2020 Annual budget. The Budget Speech I am presenting now is a summary of the larger, more detailed document Honourable Members have in front of you. In this Budget we pledge to implement in the 2019/20 financial year concrete plans which will positively impact on the lives of our people across the diversity of our society. This Budget contains both our immediate and long-term plans inspired by the positive mood of the “**Sethembe**” as articulated by His Excellency IFP President Mntwana wakwa Phindangene in the IFP Manifesto speech.

We are committed to lead with integrity and to respond speedily to the needs of our communities. Our public consultation meetings and IDP has serve as a guide to our budget decisions that we urgently need to stimulate inclusive growth which is the nexus of equitable redistribution of economic assets and job creation. We need to fund emerging and critical programmes that advance the objective of an inclusive, united and prosperous society

NATIONAL ECONOMIC OUTLOOK

Honourable Speaker

Higher real wages and new business-friendly prescriptions, meanwhile, are expected to lift economic sentiment and stoke household spending and fixed investment, respectively.

Key downside risks remain, however, and a credit-rating downgrade by Moody’s would trigger large-scale capital outflows and undermine any short-term recovery.

Medium-term growth prospects are being held back by concerns over fiscal slippage and the inadequate pace of reforms. Focus Economics analysts expect growth of 1.6% in 2019, unchanged from last month's forecast, and 1.9% in 2020.

The issue of Eskom and load shedding remain a concern to all of us as we are all affected by this situation where our electrical appliances getting damaged by the on and off of electricity and the increase of crime in our country. Most of house breaking's take place when it is dark-where there is no electricity.

We are also worried about the arrest and involvement of Mayors in political killings this will create instability which will result to investment insecurities in our country.

Honourable Speaker

We are proud to say that even these difficult times where our community experiencing backlog on service delivery by the Government in particular the water service, upgrade of schools and roads, our Municipality budget continues to be a catalyst for radical social and Nkandla economic transformation.

We have made progress in implementing the budget priorities outlined in 2018/2019 Main budget. I will briefly comment on some of the developments.

I will now provide an overview of progress made against the key commitments in the 2018 Main /Annual budget.

BUDGET REPRIORITISATION AND FISCAL CONSOLIDATION

In our main budget we have developed a Recovery Action Plan to address the expenditure management and service delivery improvements which includes the following:

- Cost containment of administrative personnel expenditure while protecting without compromising service delivery.
- Improving revenue collection;
- Intensification of cost containment measures.

These were difficult but necessary decisions that were taken to help the municipality in particular to overcome the economic challenges.

Improving revenue collection

The Municipal Revenue is comprised of three components, that is, equitable share; conditional grants and own revenue.

We projected to collect approximately R43 898 000 in Own Revenue as at 30 June 2020 against the Annual target of R 48 776 000 million which inclusive of grants for the 2019/20 financial year.

We are however optimistic that this Own Revenue target remains within reach.

As part of the review of the Revenue Enhancement Policy, we are exploring the possibilities of investment and retention strategy.

PAYMENT OF INVOICES

Honourable Speaker.

Our efforts of mainstreaming local SMMEs and Cooperatives in the economy will not yield the desired result if suppliers are not paid, on time, for services rendered.

While the attempts are being made to comply with the treasury policy for paying suppliers within 30 days of receipt of valid invoices but the municipality still experience challenges due to the high volume of payment certificates and too many signatories in the payment cycle value chain.

The budget and treasury has developed a payment process flow that advocates for a lesser number of days from the traditional 30 days without compromising basic controls.

We will continue to work harder to ensure that all these priority programmes are implemented effectively, delivered on time and within the fiscal capacity of the Municipality

2019/2020 MUNICIPAL BUDGET

Fiscal framework

I will now comment on some of the details of the 2019/20 Municipal budget.

The 2019/20 Municipal Fiscal Framework will increase by R3.7 million up which is made up of R96.9 Million from the Municipal Equitable Share and rollovers on Conditional Grants, amounting to a total budget of R206.5 **million**. As compare to previous year which was R202.8 **million**

BUDGET PRIORITIES

ESSENTIAL SERVICE

- The security service has slightly decreased from R8,4 Million to 8.02 million
- IT governance and ICT support as it was highlighted by AG as one area that requires intervention in our Municipality has increased from R600 000 to 1.2 Million
- Communication as an important area for community involvement has decreased from 2.6 million to 1.5 Million
- Electricity maintenance and licensing decreased from 2.9 million to 2.0 Million
- Plant hire has also decrease slightly by R100 000 due to community demand on access roads from 3.6 million to 3.5 million

CAPITAL PROJECTS

The Total Budget for Capital projects is R 41 184 000.00 for the following

MIG FUNDED PROJECTS

Construction of Amaphuthu CSC	R4 000 000
Construction of Ngwegweni Access Road	R3 000 000
Construction of Khabela Community Service Centre	R4 000 000
Construction of Mandathane Gravel Road (Labour Intensive)	R1 500 000
Construction of Willem Gravel Road (Labour Intensive)	R1 500 000
Multi-year Capital Projects	R8 834 000

TOTALS	22 834 000
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MIG ENHANCEMENT PROJECTS

Construction of Crèches	R1 350 000
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EPWP ENHANCEMENT PROGRAMME

EPWP Enhancement project (Job creation on infrastructure)	R2 003 200
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INEP FUNDED PROJECTS

Cuphuchuku Electrification	R600 000
Maqhashiya/ Zingwelevu Electrification	R1000 000
Bangamanzi Electrification	R1400 000
Ezibondweni Electrification	R300 000
Maphumulo Electrification	R1000 000
Nhloshana Electrification	R6 350 000
Mvutshini, Malunga, Madlozi, Sidashi Electrification	R6 350 000

REPAIRS AND MAINTANANCE

R 7 077 000

Other Internal funded programs

Youth budget	R 1 300 000
Sport & Recreation	R 855 000
Mayoral Cup	R1 100 000
Recording Studio equipment	R500 000
Women	R 150 000
Disability	R 150 000
LED	R 1 500 000
ECD	R 150 000
Cultural Development	R1 250 000
HIV & AIDS	R 150 000
Senior Citizens	R 50 000
OSS	R 600 000
Disaster	R 1000 000
Public Participation & IDP	R 300 000

FINANCIAL GOVERNANCE

Irregular; fruitless and wasteful as well as unauthorised expenditure

Honourable Speaker,

Allocated budgets should be used prudently and accounted for in line with all legislative prescripts.

The root causes for audit findings need urgent attention by the Municipality and improvement by putting the key controls and addressing risk areas;

Consequences for poor performance and transgressions need to be taken.

Conclusion

Many thanks to all Honourable Members of different Portfolio Committees and EXCO members.

Last but not least, allow me to convey my appreciation to my family for their understanding and I will forever be indebted to my family and my children for their generous support as I perform this public duty on behalf of our people.

Honourable Speaker, I now have the honour to table:

Annual budget R 206.5 Million

I Thank You

2. FINAL BUDGET RESOLUTIONS

- (a) That in terms of the Section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2019/20; and indicative allocations for the two projected outer years 2020/21 and 2021/22; and the multi-year and single year capital appropriations as sets out in the following tables:-
- The annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
 - Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A4
 - Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A2
 - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5
- (b) The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- Budgeted Financial Position as contained in Table A6;
 - Budgeted Cash Flows as contained in Table A7;
 - Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
 - Asset management as contained in Table A9; and
 - Basic service delivery measurement as contained in Table A10.
- (c) That the revenue source that will be utilised to fund both operating and capital budgets be approved and adopted.
- (d) That in terms of the Section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and Sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, the tariffs for the electricity, waste services and property rates as set out in Annexure C be approved and adopted with effect from 1 July 2019:

- (e) That it be noted that Rates, Refuse and other tariffs will be increased by 7 percent.
- (f) That it be noted that the electricity tariffs have been provisionally increased by 13.07% (and levied from 01 August 2019) pending NERSA approval. NERSA guideline is 13.07 percent.
- (g) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R2 600.
- (h) To give proper effect to the municipality's annual budget, the Council approves the following draft policies and bylaws:
 - That the Customer Care, Credit Control and Debt Collection Policy be noted and approved.
 - That the Supply Chain management Policy be noted and approved.
 - That the Rates Policy be noted and approved.
 - That the Tariff Policy be noted and approved.
 - That the Debt Write-off Policy be noted and approved.
 - That the Electricity Distribution Policy be noted and approved.
 - That the Electricity Supply Policy be noted and approved.
 - That the Cash Management and Investment Policy be noted and approved.
 - That the Virement Policy be noted and approved.
 - That the Funding and Reserve Policy be noted and approved.
 - That the Petty Cash Policy be noted and approved.
 - That the Indigent Support Policy be noted and approved
 - That the Budget Policy be noted and approved
 - That the Fixed Asset Management Policy be noted and approved.
 - That the Fixed Asset Maintenance Policy be noted and approved.
 - That the Creditors Payment and Employee Remuneration Policy be noted and approved.
 - That the Property Rates Bylaw be noted and approved.
 - That the electricity Bylaw be noted and approved.

3. EXECUTIVE SUMMARY

OVERVIEW OF THE MUNICIPALITY

Nkandla Municipality is located approximately 55 kilometres south west of Mthonjaneni Local Municipality, 60 kilometres from uMlalazi Local Municipality and approximately 50 kilometres from Isandlwane battle fields. It is situated 150 kilometres from Umhlathuze Local Municipality and 250 kilometres from Ethekewini Metropolitan Municipality. Nkandla LM is richly bestowed with natural indigenous forests, sufficient land for different agricultural crops and various famous high qualities Ntingwe Tea which is traded all over the world. The tea is affectionately called Zulu tea abroad. Nkandla LM is pictures recue with rolling lush green hills intercepted by meandering rivers. The natural landscape is breath-taking and remains largely undeveloped which contributes to the beauty and breath-taking view vistas. The place is rich with culture which has been preserved for years.

Nkandla is also the place where some of the first signs of Black resistance against the apartheid system emerged. King Shaka led a great war against people of Zwide in the efforts of coining the Zulu nation during the Mfecane era. One of the nation's greatest Kings, King Cetshwayo was laid to rest within the spread of the untouched natural forest in Nkandla. The people of the world need to know that Nkandla is a place which is extremely tranquil where one can feel at one with nature, where one can turn back the hand of time and reflect on the past and get the sense of what being a true African means. Moving from a rich history to the establishment of a democratic elected government, National, Provincial and Local Municipalities.

The following are the statistics for Nkandla drawn from 2019/20 IDP.

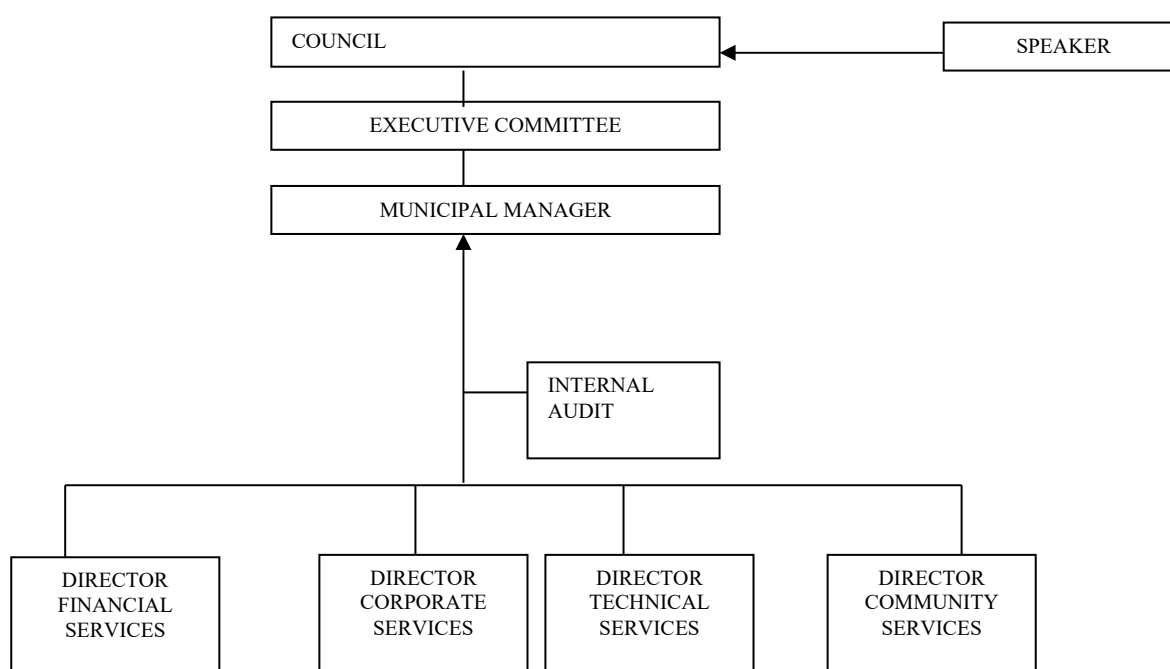
Economic activities	%
Subsistence Agriculture	16
Informal Sector	13
Local Wages	0.5
Migrant Remittances	20
Government Grants	50
No income	42.1

Institutional Arrangements

The Nkandla Municipality Organogram (illustrated below), and as approved by Council, makes provision for a Municipal Manager and four Departments each headed by a Director. The four Departments of the municipality are:

- Financial Services
- Corporate Services
- Technical Services
- Community and Economic Development Services

NKANDLA MUNICIPALITY: ORGANOGRAM



COUNCILLORS, EXECUTIVE COMMITTEE AND OFFICIALS

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS	PORTFOLIO COUNCILLOR	POLITICAL PARTY	WARD
Mayor	AT Ntuli	Budget & Treasury	IFP	06
Deputy Mayor	NFJ Nzuzza	Community Services	IFP	06
Speaker	SO Sibiya	Council	IFP	06

Executive Committee Member	BB Dlomo	Technical & Corporate Services	IFP	03
Executive Committee Member	NR Xulu		ANC	11
Executive Committee Member	BZ Mncadi-Mpanza		ANC	11

COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Councillor	Mncube TP	IFP	01
Councillor	Mahaye NP	IFP	01
Councillor	ZM Mbeje	IFP	02
Councillor	MBE Ntombela	ANC	03
Councillor	Nxumalo TF	IFP	04
Councillor	Dlamini PR	ANC	05
Councillor	Mpungose DB	ANC	05
Councillor	Ntuli JB	ANC	06
Councillor	Magubane FK	ANC	06
Councillor	Khumalo NC	IFP	07
Councillor	Mbuyisa TB	IFP	08
Councillor	Msimang LMB	IFP	09
Councillor	Ndimba BB	ANC	09
Councillor	Buthlezi PJ	IFP	10
Councillor	Magubane NPN	IFP	10
Councillor	Gasa NW	ANC	10
Councillor	Ntombela TB	IFP	11
Councillor	Zulu NP	ANC	11
Councillor	Sikhakhane AS	IFP	12
Councillor	Lushozi VS	ANC	13
Councillor	Mbambo BS	ANC	14

SENIOR OFFICIALS

DESIGNATION	INITIALS & SURNAME
Municipal Manager	Mr. LS Jili
Director: Financial Services	Mr. S Ntombela
Director: Corporate Services	Ms. N Xulu

Director: Technical Services	Mr. N Mnyandu
Director: Community Services	Mrs N Shangase

4. LEGISLATION COMPLIANCE STATUS

In terms of Section 16 (1) of the MFMA the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- The budget process.
- Supply Chain Management.
- Financial in-year reporting.
- Adjustment budgeting
- Annual reporting.
- Compilation and implementation of various policies.
- Compilation of procedural notes for main financial accounting processes.
- The budget and Treasury office has been established in accordance with the requirements
- Service Delivery and Budget Implementation plans are applied as monitoring tools
- Audit Committee has been established

Compliance with MFMA Circular No. 94

The Circular guides municipalities with their preparation of the 2019/20 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context. Among the objectives of this Circular, is to support municipalities with

giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2019 Budget Review and the 2019 Division of Revenue Bill.

National Treasury has released Version 6.3 of Schedule A1 (the Excel Formats) which is aligned to version 6.3 of the mSCOA classification framework which must be used when compiling the 2019/20 MTREF budget. ALL municipalities MUST use this version for the preparation of their 2019/20 MTREF budget.

The circular emphasise that "It is imperative that all municipalities prepare their 2019/20 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets".

Legislations

Nkandla Municipality has complied with a number of legislations amongst others-

- Municipal Finance Management Act (No. 56 of 2003)
- Municipal Budget and Reporting Regulations (Government Gazette 32141)
- Annual Division of Revenue Act
- Municipal Structures Act (No. 117 of 1998), as amended
- Municipal Systems Act (No. 32 of 2000), as amended
- Municipal Property Rates Act (No. 6 of 2004), as amended
- Municipal Fiscal Powers and Functions Act (No. 12 of 2007)

Other National Treasury Circulars

- MFMA Circular No. 55
- MFMA Circular No. 71
- MFMA Circular No. 80
- MFMA Circular No. 82
- MFMA Circular No. 85
- MFMA Circular No. 86
- MFMA Circular No. 91
- MFMA Circular No. 93
- MFMA Circular No. 94
- Budget Formats Guidelines

KZN Provincial Circular

- Provincial Treasury Circular No. PT/MF 08 of 2017/18 dated 26 February 2018.
- Provincial Treasury Circular No. PT/MF 10 of 2018/19 dated 12 March 2019.

5. ADOPTED MEDIUM TERM BUDGET 2019/20 TO 2021/22

INTRODUCTION

The purpose of the 2019/20 medium-term budget is to comply with the Municipal Finance Management Act (No.56 of 2003) and is a financial plan to enable the municipality to achieve its vision and mission through the IDP which informs the Nkandla Municipality's five-year programme and community/stakeholder inputs.

The MFMA Circular No.94 states that *to facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:*

- *Section 22(b)(i) of the MFMA, requires that immediately after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2019, the final date of submission of the electronic budget documents and corresponding electronic returns is Wednesday, 03 April 2019. The deadline for submission of hard copies including council resolution is Friday, 05 April 2019.*
- *Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2019, the final date for such a submission is **Friday, 12 July 2019**, otherwise an earlier date applies.*

The 2019/20 Proposed Final Budget is a statement of commitment by Nkandla Municipality, proposing a total budget of R206.5 million, comprising R51.1 million for capital and R155.3 million operating budget.

The budget has been prepared in terms of the Municipal Budget and Reporting Regulations (MBRR). The tabling of budget is as a journey towards consultation processes with communities throughout the municipal area and all other relevant stakeholders as per budget process plan adopted by council. Comments and inputs from various stakeholders has been considered during the consultation process after which the budget is presented by His Worship, Mayor Cllr AT Ntuli before the municipal council.

OPERATING BUDGET

Tariff of Charges

The following are proposed tariff increases and other allocations as indicated below:

Assessment Rates	7%
Electricity	13.07%
Refuse Removal	7%

Revenue from property rates is proposed to increase by only 19.4% from the 2018/19 adjusted budget of R23.9 million. The municipality has a new valuation roll to be implemented from the 1st July 2019. The values of properties as per the valuation roll has increased and this increase has resulted in our revenue from property rates increasing drastically. Public Works who contributes more than 78% of our property rates revenue has met with the municipality to discuss the values of properties and consensus was reached. The total property rates revenue is projected at R28.6 million in the 2019/20 financial year.

Category of Property (Description)	Randage	Amount
Agriculture (AGR)	0.0033	R 435
Business and commercial properties (BUS)	0.0391	R 4 955 157
Place of Worship (WOR)	0.0000 (100% exempted)	R 0
Protected Areas Property (PRO)	0.0000 (100 % exempted)	R 0
Public Benefit Organisation Property (PBO)	0.0033	R 0
Public Service Infrastructure (PSI)	0.0000	R 0
Residential Property (RES)	0.0126	R 497 001
Specialized Property	0.0000	R 0
State Owned Property (STA)	0.0395 (Phase in exemption applies)	R 22 546 728
State Trust Land (STL)	0.0033	R 0
Vacant Land (VAC)	0.0201	R 550 679
Multiple Use Property (MUP)	Dominant use ratio will apply	R 0

Total grant allocations to fund operating budget are expected to be R106.7 million, being the equitable share, the Finance Management Grant (FMG) and various provincial allocations.

The equitable share allocation to be received from National Government has increased by R10.1 million from R86.8 million to R96.9 million.

The total budgeted revenue for the 2019/20 financial year is estimated at R155.4 million.

ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The Nkandla Municipality's IDP and medium-term budget aligns with national and provincial initiatives to ensure optimal impact from combined effort of government. The Municipality is confident that this budget is structured to give effect to the strategic priorities and support long-term sustained growth and development in line with National and Provincial objectives.

The following priorities are part of National Government's framework to enhance the social, cultural and economic welfare of all South Africans.

- Expanding investment in the built environment and increasing access to basic services
- Enhancing skills and quality of education
- Reducing levels of crime and enhancing citizen safety
- Improving the provision of healthcare and broadening programmes
- Sustaining employment growth through increased public investment spending

The 2019/20 medium term budget seeks to address a number of these priorities by, amongst others, wider provision of municipal services, free basic services for indigents, initiatives to encourage capital spending to provide a vast public infrastructure.

6. BUDGET TABLES AND RELATED CHARTS

KZN286 Nkandla - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	12 818	18 835	20 777	21 002	23 914	23 914	23 914	28 550	30 263	32 079
Service charges	7 964	9 329	10 449	14 226	14 226	14 226	15 726	15 320	16 347	16 865
Investment revenue	2 077	664	835	900	900	900	900	1 300	1 500	1 800
Transfers recognised - operational	86 872	125 217	112 350	96 395	96 395	96 395	96 395	106 697	111 626	117 088
Other own revenue	7 539	4 057	3 420	2 631	2 912	2 912	2 912	3 606	3 846	4 083
Total Revenue (excluding capital transfers and contributions)	117 271	158 102	147 831	135 155	138 347	138 347	139 847	155 473	163 582	171 915
Employee costs	37 335	40 337	43 427	43 052	43 052	43 052	43 052	50 338	53 685	57 325
Remuneration of councillors	7 896	8 045	8 973	10 199	9 400	9 400	9 400	9 623	10 245	10 798
Depreciation & asset impairment	9 066	12 307	14 267	13 000	13 000	13 000	13 000	14 000	14 500	15 000
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	9 655	12 721	19 327	20 500	18 181	18 181	18 181	20 077	21 600	22 300
Transfers and grants	-	7 436	-	1 500	1 500	1 500	1 500	1 750	1 900	2 050
Other expenditure	64 026	63 152	53 005	51 135	63 246	63 246	63 246	59 538	61 158	64 054
Total Expenditure	127 978	143 997	138 999	139 386	148 380	148 380	148 380	155 325	163 088	171 527
Surplus/(Deficit)	(10 707)	14 105	8 832	(4 232)	(10 032)	(10 032)	(8 532)	147	494	388
Transfers and subsidies - capital (monetary allocation)	57 187	39 795	23 170	49 945	49 945	49 945	49 945	39 834	41 911	43 459
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	46 480	53 900	32 002	45 713	39 913	39 913	41 413	39 981	42 405	43 847
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	46 480	53 900	32 002	45 713	39 913	39 913	41 413	39 981	42 405	43 847
Capital expenditure & funds sources										
Capital expenditure	68 795	40 652	20 039	56 200	54 400	54 400	54 400	51 135	55 472	59 732
Transfers recognised - capital	65 140	39 795	19 795	49 945	49 945	49 945	49 945	39 834	41 911	43 459
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3 655	857	244	6 255	4 455	4 455	4 455	11 301	13 561	16 273
Total sources of capital funds	68 795	40 652	20 039	56 200	54 400	54 400	54 400	51 135	55 472	59 732
Financial position										
Total current assets	23 566	13 330	13 129	39 359	39 473	39 473	39 473	21 205	25 740	28 340
Total non current assets	329 125	359 837	364 136	381 318	398 123	398 123	398 123	440 688	481 223	508 116
Total current liabilities	31	28 649	23 593	15 980	21 800	21 800	21 800	18 870	21 580	21 890
Total non current liabilities	-	6 653	7 272	6 717	7 846	7 846	7 846	7 721	8 208	8 727
Community wealth/Equity	352 661	337 865	346 399	397 980	407 950	407 950	407 950	435 302	477 175	505 839
Cash flows										
Net cash from (used) operating	63 464	36 832	20 746	53 125	52 150	52 150	52 150	45 984	49 617	50 912
Net cash from (used) investing	(68 033)	(40 507)	(20 039)	(50 300)	(46 845)	(46 845)	(46 845)	(43 385)	(45 672)	(49 368)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	4 482	807	1 513	3 632	6 818	6 818	6 818	9 417	13 362	14 905
Cash backing/surplus reconciliation										
Cash and investments available	4 482	807	1 513	3 632	6 818	6 818	6 818	9 417	13 362	14 905
Application of cash and investments	(7 021)	17 542	12 231	(17 069)	(14 908)	(14 908)	(13 861)	8 550	10 729	10 105
Balance - surplus (shortfall)	11 503	(16 735)	(10 718)	20 701	21 726	21 726	20 679	867	2 633	4 800
Asset management										
Asset register summary (WDV)	359 837	364 136	381 319	398 123	398 123	398 123	398 123	440 688	481 223	508 116
Depreciation	-	12 307	14 267	13 000	13 000	13 000	13 000	14 000	14 500	15 000
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	4 419	11 918	8 500	6 181	6 181	6 181	7 077	11 160	11 275
Free services										
Cost of Free Basic Services provided	-	-	-	1 564	1 564	1 564	1 880	1 880	1 883	1 885
Revenue cost of free services provided	-	2 941	2 435	3 525	4 014	4 014	7 200	7 200	7 632	8 090
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

KZN286 Nkandla - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source												
Property rates	2		12 818	18 835	20 777	21 002	23 914	23 914	23 914	28 550	30 263	32 079
Service charges - electricity revenue	2		7 340	8 595	9 686	13 487	13 487	13 487	14 987	14 500	15 500	16 000
Service charges - water revenue	2		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2		624	734	763	739	739	739	739	820	847	865
Rental of facilities and equipment			599	678	974	906	906	906	906	1 200	1 250	1 300
Interest earned - external investments			2 077	664	835	900	900	900	900	1 300	1 500	1 800
Interest earned - outstanding debtors			1 718	1 896	1 303	1 300	1 300	1 300	1 300	1 400	1 450	1 500
Dividends received							-	-	-	-	-	-
Fines, penalties and forfeits				35	13	78	15	15	15	17	19	22
Licences and permits				13	4	4	34	34	34	40	42	45
Agency services							-	-	-	-	-	-
Transfers and subsidies			86 872	125 217	112 350	96 395	96 395	96 395	96 395	106 697	111 626	117 088
Other revenue	2		4 853	572	1 059	343	343	343	343	399	485	566
Gains on disposal of PPE			368	863	68		314	314	314	550	600	650
Total Revenue (excluding capital transfers and contributions)			117 271	158 102	147 831	135 155	138 347	138 347	139 847	155 473	163 582	171 915
Expenditure By Type												
Employee related costs	2		37 335	40 337	43 427	43 052	43 052	43 052	43 052	50 338	53 685	57 325
Remuneration of councillors			7 896	8 045	8 973	10 199	9 400	9 400	9 400	9 623	10 245	10 798
Debt impairment	3		5 580	4 238	3 058	3 500	3 500	3 500	3 500	4 000	4 300	4 500
Depreciation & asset impairment	2		9 066	12 307	14 267	13 000	13 000	13 000	13 000	14 000	14 500	15 000
Finance charges												
Bulk purchases	2		9 655	12 721	11 076	12 000	12 000	12 000	12 000	13 000	13 500	14 000
Other materials	8				8 252	8 500	6 181	6 181	6 181	7 077	8 100	8 300
Contracted services			6 390	10 072	8 440	23 056	30 724	30 724	30 724	23 614	26 734	28 720
Transfers and subsidies			-	7 436	-	1 500	1 500	1 500	1 500	1 750	1 900	2 050
Other expenditure	4, 5		52 056	48 842	41 506	24 578	29 022	29 022	29 022	31 924	30 124	30 834
Loss on disposal of PPE												
Total Expenditure			127 978	143 997	138 999	139 386	148 380	148 380	148 380	155 325	163 088	171 527
Surplus/(Deficit)			(10 707)	14 105	8 832	(4 232)	(10 032)	(10 032)	(8 532)	147	494	388
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			57 187	39 795	23 170	49 945	49 945	49 945	49 945	39 834	41 911	43 459
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)												
Surplus/(Deficit) after capital transfers & contributions			46 480	53 900	32 002	45 713	39 913	39 913	41 413	39 981	42 405	43 847
Taxation												
Surplus/(Deficit) after taxation			46 480	53 900	32 002	45 713	39 913	39 913	41 413	39 981	42 405	43 847
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			46 480	53 900	32 002	45 713	39 913	39 913	41 413	39 981	42 405	43 847
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year			46 480	53 900	32 002	45 713	39 913	39 913	41 413	39 981	42 405	43 847

Operating Revenue Framework

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R65 000 reduction on the market value of a property will be granted in terms of the Rates Policy and 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy.

Strategies put in place to improve credit control and revenue enhancement.

All property rates accountholders who owe more than R 10 000 are barred/restricted from purchasing electricity until a favourable arrangement has been entered into with Nkandla Local Municipality.

All businesses that are not honouring their monthly payments are given 7 days' notice to disconnect services. Services (electricity) are reconnected upon full payment of the outstanding amount.

All prepayment electricity meter accountholders who owe more than R 10 000 on Property Rates shall have their electricity cut off until a favourable arrangement has been entered into with the municipality as per Credit control and debt management policy. The vending machines have been programmed to deduct a certain percentage towards property rates account upon purchase of electricity tokens. The rationale behind this is to treat conventional and prepaid consumers equitably and fairly. Moreover, the municipality runs weekly audit on at least 10 customers whose name appears on the list that have not bought electricity for the past 60 days. They will be given 7 days notices and then have their electricity services disconnected.

Service charges - electricity

Service charges electricity revenue has been budgeted to increase by R1 million from R13.5 million in 2018/19 adjustment budget to R14.5 million in 2019/20. The increase is 7.52 per cent. This increase has considered developments taking place in Nkandla, e.g Sasol Garage opening soon, , new businesses and households relocating to Nkandla Town. This is also reflective of the budgeted tariff increase after considering inflation and consumer affordability. The municipality is currently waiting for an approval from NERSA.

Service charges - refuse

Service charges refuse revenue has been budgeted to increase by R81 000 from R739 000 in 2018/19 to R820 000 in 2019/20. The percentage increase for total revenue for this category is expected to be 11%. This revenue is also affected by new developments taking place in Nkandla

and households relocating to Nkandla Town as stated above for electricity revenue. This again has considered inflation and consumer affordability.

Interest earned on external investments

The municipality has budgeted R1.3 million for Interest earned on external investments in 2019/20 to be realized from call account deposits for conditional grants not yet utilized. This reflects an increase of R400 000 from R0.9 million in 2018/19 financial year. This is as a result of increased allocations for MIG and INEP grant which will be temporally be kept in call account whilst not yet utilized. These call accounts deposits are not reflected in Budget Table A6 due to the fact that deposits are fully utilized at the end of the financial year.

Interest earned on outstanding debtors

The municipality has budgeted R1.4 million for Interest earned on outstanding debtors in 2019/20 to be realized from customers not honoring their accounts in time. Through the implementation of credit control and debt collection policy, the credit extended to debtors will decrease thereby decreasing overall amount of debtors and effectively interest on long outstanding debtors.

Fines, penalties and forfeits

The municipality has budgeted an amount of R17 000 for fines, penalties and forfeits. This amount will be mostly derived from traffic fines. This is a new source of income emanating from revenue enhancement strategy. There is Traffic Unit that is expected to be fully functional before the start of 2019/20 financial year.

Licenses and permits

License and permits revenue has been budgeted to increase by R6 000 in 2019/20 from R34 000 in 2018/19 to R40 000 in 2019/20. The increase is due to expected income from issuing of learners licences as the unit is now fully operational and the number of learners is expected to increase.

Other income

The budgeted *Other income* revenue has increased by R56 000 in 2019/20 from R343 000 in 2018/19 to R399 000 in 2019/20. This revenue includes smaller miscellaneous income like tractor hire, etc.

Operating Expenditure Framework

Employee related costs has increased by 6.7 percent pending negotiations at the South African Local Government Bargaining Council. The consumer price index for the next financial year is projected to be 5.2 percent.

The municipality has budgeted to increase the expenditure for the Employee related costs by R7.2 million from R43.1 million in 2018/19 to R50.3 million in 2019/20. The municipality has budgeted for additional vacant position which were not budgeted for in 2018/19. Employee related costs and Councillors' remuneration as a percentage of total operating expenditure is 39 percent. The norm is

25 to 40 percent. The municipality is looking at its organogram to mitigate possible overstaffing and/or inefficiencies.

Expenditure of Councillors' Allowances is budgeted to increase from R9.4 million to R9.6 million in the 2019/20 financial year. The provision for the councillors' remuneration has been budgeted for from the basis of the published government notice number R42134 dated 21 December 2018.

Debt impairment has been budgeted at R4 million in 2019/20. This reflects an increase in debt impairment of R0.5 million from R3.5 million in 2018/19 to R4 million in 2019/20. The debt impairment budget was understated in 2018/19 which resulted in a huge difference between budget and actual. The municipality then re-performed assessment of its debtors and this resulted in increased debt impairment. This budget therefore reflects such increase accordingly. *Debt impairment* as a percentage of billable revenue amounts to 9.12 percent in 2019/20.

Depreciation has been budgeted to increase by R1 million from R13 million in 2018/19 to R14 million in 2019/20 which is based on the asset register and the anticipated new capital acquisitions.

Bulk purchases have been budgeted to increase by R1 million from R13 million in 2018/19 to R13 million in 2019/20. Eskom has been charging the municipality electricity usage at an incorrect tariff which is high. The engagement between Eskom and Municipality resulted in a lower tariff.

The budgeted **Contracted services** expenditure has decreased by R7.1 million from R30.7 million in 2018/19 to R23.6 million in 2019/20. In the main the decrease can be attributed to the Implementation of mSCOA and ICT upgrade.

Other expenditure has been budgeted to increase by R2.8 million from R29.02 million in 2018/19 to R31.9 million in 2019/20. The increase is due to inflation rate and new "other" line items e.g. UIF and SDL now reflected as other expenditure due to MSCOA implementation which was previously recognised under employee related costs.

Table A5 Budgeted Capital Expenditure by vote, standard classification and funding sources.

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		42	801	189	1 125	1 125	1 125	1 125	1 230	1 476	1 771
Vote 4 - CORPORATE SERVICES		-	316	55	1 045	1 045	1 045	1 045	930	1 116	1 339
Vote 5 - COMMUNITY SERVICES		783	1 006	2 716	2 845	1 045	1 045	1 045	3 820	4 584	5 501
Vote 6 - TECHNICAL SERVICES		67 970	38 530	17 079	51 185	51 185	51 185	51 185	45 155	48 296	51 121
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	68 795	40 652	20 039	56 200	54 400	54 400	54 400	51 135	55 472	59 732
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		68 795	40 652	20 039	56 200	54 400	54 400	54 400	51 135	55 472	59 732
Capital Expenditure - Functional											
Governance and administration		42	1 117	244	2 270	2 270	2 270	2 270	3 881	4 657	5 589
Executive and council		-	-	-	250	250	250	250	-	-	-
Finance and administration		42	1 117	244	1 575	1 575	1 575	1 575	3 881	4 657	5 589
Internal audit		-	-	-	445	445	445	445	-	-	-
Community and public safety		783	1 006	2 716	12 345	10 545	10 545	10 545	4 070	4 884	5 861
Community and social services		783	1 006	2 716	2 845	1 045	1 045	1 045	3 820	4 584	5 501
Sport and recreation		-	-	-	9 500	9 500	9 500	9 500	-	-	-
Public safety		-	-	-	-	-	-	-	250	300	360
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		67 970	20 530	17 079	22 795	22 795	22 795	22 795	24 909	26 401	28 447
Planning and development		67 970	-	-	100	100	100	100	75	90	108
Road transport		-	20 530	17 079	22 695	22 695	22 695	22 695	24 834	26 311	28 339
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	18 000	-	18 790	18 790	18 790	18 790	18 275	19 530	19 836
Energy sources		-	18 000	-	18 000	18 000	18 000	18 000	17 000	18 000	18 000
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	790	790	790	790	1 275	1 530	1 836
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	68 795	40 652	20 039	56 200	54 400	54 400	54 400	51 135	55 472	59 732
Funded by:											
National Government		65 140	39 795	19 795	49 945	49 945	49 945	49 945	39 834	41 911	43 459
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		65 140	39 795	19 795	49 945	49 945	49 945	49 945	39 834	41 911	43 459
Borrowing		-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 655	857	244	6 255	4 455	4 455	4 455	11 301	13 561	16 273
Total Capital Funding	7	68 795	40 652	20 039	56 200	54 400	54 400	54 400	51 135	55 472	59 732

The municipality has budgeted R22.83 million for road and infrastructure, R17 million for electrical infrastructure in 2019/20 and R11.3 million for other assets. The total capital budget is R51.13 million.

The municipality has considered the multi-year appropriations during the 2019/20 budget process which aims to:

- Lock the council into funding the full cost of large capital projects so as to ensure their full completion;
- Facilitate the forward planning of capital projects and programmes;
- Enable the municipality to initiate procurement processes for capital projects in the two outer years of the MTREF and also ensure improved levels of capital spending; and
- Enable funding for such capital projects to be brought forward in terms of Section 31 of the MFMA to facilitate more rapid project implementation.

This is reflected in the Capital Investment Plan of the municipality.

Repairs and Maintenance

The Repairs and Maintenance has been budgeted to increase by R0.9 million from R6.18 million in 2018/19 to R7.1 million in 2019/20. Repairs and maintenance budget represents 2 percent of the Property, Plant and Equipment (PPE) value of R358.51 million reflected in the audited 2017/18 AFS, which is below the National Treasury guideline of 8 percent as stipulated in MFMA Circular No. 55. The small percentage of Repairs and maintenance in relation to PPE amongst other factors is contributed to the following:

- The PPE of the municipality is R358.51 million as per 2017/18 Audited AFS and substantial portion of this amount is municipal vacant land which is valued at R99.39 million. And there is no repairs and maintenance towards the vacant land.
- The municipality has budgeted R5 million in 2017/18 and the actual amount spent was R8.25 million which indicates that the Municipality spends at appropriate or required levels on its repairs to existing assets.
- The required norm of 8% which equates to approximately R28.7 million is not realistic to the municipality at this stage.

The municipality appreciates the fact that asset management is a strategic imperative that needs to be prioritised as a spending objective in the municipal budget.

KZN286 Nkandla - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		4 482	807	1 513	3 632	6 818	6 818	6 818	9 417	13 362	14 905
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	3 432	9 198	10 152	32 627	31 620	31 620	31 620	10 688	11 228	12 235
Other debtors		5 986	3 325	1 464	3 100	1 035	1 035	1 035	1 100	1 150	1 200
Current portion of long-term receivables		9 666							–	–	–
Inventory	2								–	–	–
Total current assets		23 566	13 330	13 129	39 359	39 473	39 473	39 473	21 205	25 740	28 340
Non current assets											
Long-term receivables											
Investments											
Investment property		5 433	5 201	4 970	4 951	4 738	4 738	4 738	4 507	4 275	4 044
Investment in Associate											
Property, plant and equipment	3	323 140	353 581	358 509	374 612	392 125	392 125	392 125	435 094	476 078	503 420
Biological											
Intangible		553	1 055	657	1 755	1 260	1 260	1 260	1 087	870	652
Other non-current assets											
Total non current assets		329 125	359 837	364 136	381 318	398 123	398 123	398 123	440 688	481 223	508 116
TOTAL ASSETS		352 691	373 167	377 264	420 677	437 596	437 596	437 596	461 893	506 963	536 456
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	–	28 585	23 542	15 980	21 800	21 800	21 800	18 800	21 500	21 800
Provisions		31	64	51					70	80	90
Total current liabilities		31	28 649	23 593	15 980	21 800	21 800	21 800	18 870	21 580	21 890
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		–	6 653	7 272	6 717	7 846	7 846	7 846	7 721	8 208	8 727
Total non current liabilities		–	6 653	7 272	6 717	7 846	7 846	7 846	7 721	8 208	8 727
TOTAL LIABILITIES		31	35 302	30 865	22 697	29 646	29 646	29 646	26 591	29 788	30 617
NET ASSETS	5	352 661	337 865	346 399	397 980	407 950	407 950	407 950	435 302	477 175	505 839
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		352 661	337 865	346 399	397 980	407 950	407 950	407 950	435 302	477 175	505 839
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	352 661	337 865	346 399	397 980	407 950	407 950	407 950	435 302	477 175	505 839

7. OVERVIEW OF BUDGET PROCESS

Political Oversight of Budget Process

The concept of political oversight over the budget process is an important one and it is the key to ensuring that strategy informs budget.

The political oversight role of the Mayor is contained in Section 53 (1)(a) and (b) of the Municipal Finance Management Act (MFMA). It requires that the Mayor must provide political guidance over the budget process and the priorities that guide the preparation of the budget. It further requires that the Mayor co-ordinates the revision of the IDP and the preparation of the annual budget and to determine how the IDP is to be taken into account for the purpose of the budget.

The demands on the Municipality to address service delivery backlogs and to improve service delivery to all of its citizens, within current financial resources, are challenging. Political oversight of the budget process is therefore essential to ensure that the priorities of the municipality are addressed through budget allocations.

Schedule of Key Deadlines Relating of Budget Process

One of the objectives of the budget timetable is to ensure the development of IDP and the budget and also to ensure that a funded budget is tabled for consideration and approval. The timetable schedule for the compilation of the 2019/20 budget cycle was approved by Council during August 2018 in compliance with the MFMA.

Process for Consultations with Stakeholder Groups and Outcomes [MFMA 21(1)(b)]

Section 22 of the MFMA requires that after tabling of the annual budget in Council, the municipality must make public the budget and also invite the local communities to submit representations thereon. Accordingly the tabling of the budget in the Council on 28 March 2019 will be followed by the following activities:

- The summarised budget and consultation meetings in News Letter
- The budget will be submitted to Provincial and National Treasuries as well as Department of Provincial CoGTA and King Cetshwayo District Municipality.
- The budget will be presented to the IDP Representative Forum
- The budget will be presented to the Ward Committees
- Public meetings will be held in various wards
- The budget will be presented to the Business Community
- The budgeted document will be distributed to libraries and other municipal offices to allow the wide invitation of comments and representations to the budget.

The public budget road show meetings will take place during April and May 2019. The schedule of budget road shows was publicised in the local newspaper, website, and libraries as well as in the municipal notice boards.

8. OVERVIEW ALIGNEMENT OF IDP AND BUDGET WITH, MONITORING AND IMPLEMENTATION THROUGH SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS

PURPOSE

This document presents an Integrated Development Plan (IDP) for Nkandla Local Municipality. The IDP is prepared in compliance with the requirements of Chapter 5, particularly Section 25 of Local Government Municipal Systems Act (32 of 2000), which obliges a municipal council to adopt a single, all-inclusive and strategic plan for the development of the municipality, within a prescribed period after the start of its elected term. It outlines a development agenda for the municipality for the next five years.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Nkandla, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that Nkandla strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Nkandla's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The municipal development objectives are mainly orientated and aligned to National Key Performance Areas which are the following:-

- Institutional development and transformation
- Basic Service Delivery
- Good Governance and Public Participation
- Local Economic Development
- Financial Viability

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Provision of quality basic services and infrastructure which includes, amongst others:
- Provide electricity;
- Provide waste removal;
- Provide roads and storm water;
- Provide city planning services; and
- Maintaining the infrastructure of Nkandla.

Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for Nkandla;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective city cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;
- In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Nkandla. The five-year programme responds to the development challenges and opportunities faced by the Nkandla by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN.

The Nkandla's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget

Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure

COMMUNITY CONSULTATION

The 2019/20 MTREF is published on the municipality's website, and hard copies is made available at customer care offices, municipal notice boards and various libraries for consultation.

All documents in the appropriate format (electronic and printed) are provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

9. MEASURABLE PERFORMANCE OBJECTIVES

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Nkandla municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The performance of Nkandla municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The town therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

Free and Subsidised Basic Services

Municipalities play central role in supporting economic development and alleviating poverty. The provision of basic services is a critical input to social well-being and economic activity. Nkandla Municipality comprises of rural areas as well as wide spread of income groups. Due to variation in living environment, the municipal area has a number of households who currently do not have access to all services.

The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing a social welfare to those residents who cannot afford to pay, because of adverse social and economic realities. The social package will also assist the Municipality in meeting its constitutional obligations.

The estimated cost of social package (income foregone through indigents) amounts to R2 million for the 2018/19 budget year. Details of initiatives carried out by Nkandla Council in this regard are detailed below:

Service	Social Package
Assessment Rates	All residential property owners are exempt from paying rates on the first R15 000 of the property value. All rates levied on properties of which the municipal value is less than R80 000. Indigent residents will receive 100 percent rebates on rates.
Electricity	The first 50kwh of electricity is free to all residents qualified as indigents in terms of the policy
Refuse	Refuse is free to all residents qualified as indigents in terms of the policy. Refuse removal services to a maximum of one removal per household per week.

Other Projects funded by the municipality

Project	Budgeted Amount (R)
Local Economic Development	1 500 000
Youth Development Program	1 300 000
Early Childhood Development	150 000
Cultural Development	1 250 000
Sports & Recreation	855 000
HIV/AIDS/OSS	150 000
Senior Citizens	50 000
Operation Sukuma Sakhe	600 000
Disaster Management	1 000 000
Disability	150 000
Public Participation and IDP	300 000
Communication & Publications	1 500 000
Gender Empowerment & Development	150 000
Mayoral Cup	1 100 000
Total	10 055 000

The above-mentioned municipal projects have been set out in terms of section 156(1)(a) and (5) of the Constitution of the Republic of South Africa, 1996.

Although the municipality agree that some of the above mentioned projects are no-priority or core functions of the municipality, however the municipality has not received any assistance from either district municipality, provincial departments or any other organ of states in term of the Inter-Governmental Relations.

10. OVERVIEW OF BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

The Municipality's budget is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide the budget process and inform the projections of the medium-term budget.

The following budget related policies, which have been approved by Council or currently under review, are currently in force to ensure an informed smooth budgetary process and financial management of the Municipality in line with the Municipal Finance Management Act, other relevant legislation and Accounting Standards.

Tariff Policy

The current Tariff Policy, which the municipality adopted in terms of section 74 of the Local Government Municipal Systems Act, is currently being reviewed. The policy was submitted to the management for discussion and was submitted to the Executive Committee and Council for approval.

Assessment Rates Policy

Section 3(1) of the Local Government Municipal Rates Act, 6 of 2004, and sections 62(1) of the MFMA determines that a municipality must adopt and implement a rates policy on the levying of rates on rateable properties.

Credit Control, Debt Collection and Customer Care Policy

The Budget and Treasury Office has identified revenue enhancement strategies which were reviewed with the Credit Control, Debt Collection and Customer Care Policy.

Supply Chain Management Policy

The municipality has a Supply Chain Management Policy was adopted by Council and is reviewed every year.

Cash Management and Investment Policy

This policy is due for review to cater for changes envisage in the organisation.

Asset Management Policy

The Budget and Treasury Office is currently busy with the compilation of asset register in terms of GRAP accounting standards, which might result in the Asset Management Policy being reviewed.

Subsistence and Travelling Policy

The implementation of the subsistence and travelling policy has a budgetary implication in appropriation of funds for travelling, accommodation and meals for Municipal Officials and Councillors embarking on business related trips.

Other budget-related policies that have been submitted to Council for approval are the following:

- Tariff Policy
- Debt Write-off Policy
- Indigent Policy
- Virement Policy
- Funding and Reserve Policy
- Petty Cash Policy

11. OVERVIEW OF BUDGET ASSUMPTIONS

General Inflation Outlooks and its Impact

Nkandla Municipality, like and any other municipality, is still subjected to the impact from the global crisis as well as related ripple effects from national economy. The recent hikes in, to mention a few, electricity bulk purchases, fuel, interest rates and inability to feel critical positions in critical industries could not be interpreted in isolation of Nkandla Municipality and did therefore impact negatively on the 2016/17 budget and it will still have a huge effect on the 2018/19 medium term budget.

Budget Guidelines

All other tariffs, except for electricity, will be increased by only 7 percent in order to absorb the shortfall on the increase in the electricity purchases.

12. OVERVIEW OF FUNDING THE BUDGET

(Including fiscal overview and sources of funding)

Funding of the 2019/20 Draft MTREF Budget

The operating budget of Nkandla Municipality for the 2019/20 financial year is funded from rates, tariffs, sundry charges and grants and subsidies.

Increases in the individual tariffs applicable to the above services are detailed in the tariff of schedule attached hereto, together with other proposed sundry tariffs.

The following issues were the challenges in the appropriation of funds when preparing the 2019/2020 Draft Budget:

- Initiatives to improve the current collection rate
- Requirement with regard to upgrading and maintenance of existing roads and other IT infrastructure.
- Departmental requirements regarding the filling of critical and vacant positions not previously budgeted for.

Funding of 2019/2020 MTREF Capital Budget

In line with section 18 of the MFMA, the capital budget has been funded from the following funding sources:

Funding Sources

The total capital budget for the 2019/2020 financial year amounts to R51.14 million, which will be funded as follows:

Capital Funding	Amount (R)
Municipal Infrastructure Grant (MIG)	22 834 000
Integrated National Electrification Programme	17 000 000
Internally funded capital assets	11 301 000
Total	51 135 000

National and Provincial Government Transfers

The National and Provincial grants allocation will be used to fund larger portions of the operating expenditure as well as the capital expenditure. These have been gazetted in terms of the 2019 Division of Revenue Act.

13. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Grants and subsidies from National and Provincial governments, as reported in the 2019 Division of Revenue Act and reflected in SA 19, have been included the 2019/20 budget and each allocation will be utilised for the purpose as described below.

National Grant Allocations

Equitable Share

The equitable share is an unconditional grant and as such can be regarded as general revenue, however, it is a matter of co-operative governance that municipalities should prioritise its expenditure budget towards poor households and national priorities like free basic services.

Municipal Infrastructural Grant (MIG)

The Municipal Infrastructural Grant is a conditional grant which gives effect to national objectives to:

- Expand the delivery of basic services to all households, including the delivery of free basic services to poor households and other poverty alleviating objectives.
- Stimulate local economic development and job creation over the medium term.

The MIG funding will be utilised as follows:-

CAPITAL PROJECTS		
No.	Project Name	Amount (R)
1	Amaphuthu Community Service Centre	4 000 000.00
2		
4	Ngwegweni Access Road	3 000 000.00
5	Khabela Community Service Centre	4 000 000.00
	Mandathane Gravel Road	1 500 000.00
	Willem Gravel Road	1 500 000.00
6	Multi-Year Projects (Roll-Overs)	8 834 000.00
		R22 834 000.00

CAPITAL PROJECTS (MIG ENHANCEMENT)		
No.	Project Name	Amount (R)
1	Construction of Creches	1 350 000.00

The Electrification funding will be utilised as follows:-

CAPITAL PROJECTS		
No.	Project Name	Amount (R)
1	Cuphuchuku Electrification	600 000.00
2	Maqhashiya / Zingwelevu Electrification	1 000 000.00
3	Bangamanzi Electrification	1 400 000.00
4	Ezibondweni Electrification	300 000.00
5	Maphumulo Electrification	1 000 000.00
6	Nhloshana Electrification phase 3	6 350 000.00
7	Mvutshini / Malunga / Madlozi / Sidashi Electrification	6 350 000.00
		R17 000 000.00

Finance Management Grant

The Finance Management Grant is a capacity building grant provided by National Treasury to assist municipalities in building management planning, technical and financial management skills and capacity for effective service delivery.

It will be utilised for the upgrading of skills and capacity of Nkandla finance officials for workshops and training programmes, funding financial programmes such as mSCOA with a view to capacitate financial systems, as well as for the remuneration of the interns currently employed by the municipality and cover costs of their training and its facilities. There are currently five interns employed as per National Treasury guide.

Table SA 18 - Transfers and grant receipts

KZN286 Nkandla - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		85 067	83 143	87 545	91 479	91 479	91 479	101 747	105 347	111 453
Local Government Equitable Share		82 242	79 169	82 435	86 797	86 797	86 797	96 903	102 480	108 586
Finance Management		1 800	1 825	1 900	1 970	1 970	1 970	2 435	2 867	2 867
EPWP Incentive		1 025	2 149	3 210	2 712	2 712	2 712	2 409	-	-
Other transfers/grants [insert description]										
Provincial Government:		553	1 064	1 635	4 916	4 916	4 916	4 950	6 279	5 635
Provincialisation of libraries		553	1 064	395	838	838	838	880	924	975
Community library Service				1 154	3 803	3 803	3 803	4 070	4 355	4 660
Spatial Development Framework Support					-	-	-	-	1 000	-
Nkungmathe Lodge					275	275	275			
Other transfers/grants [insert description]				86						
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	85 620	84 207	89 180	96 395	96 395	96 395	106 697	111 626	117 088
Capital Transfers and Grants										
National Government:		57 188	39 795	23 170	49 945	49 945	49 945	39 834	41 911	43 459
Municipal Infrastructure Grant (MIG)		22 188	21 795	23 170	22 445	22 445	22 445	22 834	23 911	25 459
Integrated National Electrification Programme		35 000	18 000	-	18 000	18 000	18 000	17 000	18 000	18 000
Ring-fenced Municipal Infrastructure Grant					9 500	9 500	9 500			
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	57 188	39 795	23 170	49 945	49 945	49 945	39 834	41 911	43 459
TOTAL RECEIPTS OF TRANSFERS & GRANTS		142 808	124 002	112 350	146 340	146 340	146 340	146 531	153 537	160 547

14. ALLOCATIONS AND GRANTS MADE BY NKANDLA MUNICIPALITY

None. Please refer to SA 21 of Schedule A.

KZN286 Nkandla - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
<i>Insert description</i>					1 500	1 500	1 500	1 500	1 750	1 900	2 050
Total Cash Transfers To Groups Of Individuals:		-	-	-	1 500	1 500	1 500	1 500	1 750	1 900	2 050
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	1 500	1 500	1 500	1 500	1 750	1 900	2 050
Non-Cash transfers to other municipalities											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
<i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
<i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	-	-	1 500	1 500	1 500	1 500	1 750	1 900	2 050

15. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

KZN286 Nkandla - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages			4 880	5 808	7 034	6 151	6 151	6 199	6 635	6 993
Pension and UIF Contributions						-	-	96	101	107
Medical Aid Contributions						-	-			
Motor Vehicle Allowance			1 967	1 966	1 967	2 051	2 051	2 098	2 212	2 331
Cellphone Allowance			1 102	1 101	1 102	1 102	1 102	1 130	1 191	1 256
Housing Allowances						-	-			
Other benefits and allowances			97	97	97	97	97	100	106	111
Sub Total - Councillors		-	8 045	8 973	10 199	9 400	9 400	9 623	10 245	10 798
% increase	4	-	-	11.5%	13.7%	(7.8%)	-	2.4%	6.5%	5.4%
Senior Managers of the Municipality										
Basic Salaries and Wages			2 542	2 575	3 252	3 252	3 252	3 138	3 307	3 486
Pension and UIF Contributions			42	-				42	44	45
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3		865	951	1 369	1 369	1 369	1 046	1 102	1 162
Cellphone Allowance	3									
Housing Allowances	3		99	25						
Other benefits and allowances	3		443	545				167	176	186
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	3 991	4 097	4 621	4 621	4 621	4 393	4 629	4 879
% increase	4	-	3 991	2.7%	12.8%	-	-	(4.9%)	5.4%	5.4%
Other Municipal Staff										
Basic Salaries and Wages			24 733	26 619	26 657	26 657	26 657	32 834	35 629	38 090
Pension and UIF Contributions			3 917	4 119	3 804	3 804	3 804	4 923	4 999	5 340
Medical Aid Contributions			1 405	1 624	1 822	1 822	1 822	1 970	2 101	2 244
Overtime			459	531	579	579	579	789	841	898
Performance Bonus										
Motor Vehicle Allowance	3		4 166	4 425	3 983	3 983	3 983	4 573	4 570	4 895
Cellphone Allowance	3		15	28	31	31	31	31	33	35
Housing Allowances	3		92	56	84	84	84	55	58	62
Other benefits and allowances	3		1 309	1 538	1 471	1 471	1 471	771	824	883
Payments in lieu of leave										
Long service awards			250	392						
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	36 346	39 330	38 431	38 431	38 431	45 945	49 056	52 446
% increase	4	-	36 346	8.2%	(2.3%)	-	-	19.6%	6.8%	6.9%
Total Parent Municipality		-	48 382	52 400	53 252	52 453	52 453	59 961	63 930	68 123
		-	-	8.3%	1.6%	(1.5%)	-	14.3%	6.6%	6.6%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		-	48 382	52 400	53 252	52 453	52 453	59 961	63 930	68 123
% increase	4	-	-	8.3%	1.6%	(1.5%)	-	14.3%	6.6%	6.6%
TOTAL MANAGERS AND STAFF	5,7	-	40 337	43 427	43 052	43 052	43 052	50 338	53 685	57 325

16. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOWS (Table 15a)

Please refer to SA25 to SA30 of Schedule A

17. ANNUAL BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN – INTERNAL DEPARTMENTS

The annual budget is as per attached Scheduled A, which is Annexure A and the SDBIP will be submitted separately.

18. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Please refer to SA35 of Schedule A

It is envisaged at this stage that no contract will have budgetary implications beyond a period of three years in the 2019/20 medium-term budget.

19. CAPITAL EXPENDITURE DETAILS

Please refer to SA36 of Schedule A

20. MUNICIPAL MANAGER’S QUALITY CERTIFICATE



Quality Certificate

I, **LS Jili**, Municipal Manager of **Nkandla Municipality**, hereby certify that the annual budget and supporting documentation of the 2019/20 Operating and Capital Budget have been prepared in accordance with the Municipal Finance Management Act, 56 of 2003, and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name : Mr Langelihle Jili

Municipal Manager of : NKANDLA MUNICIPALITY

Signature :

Date :

ANNEXURE B – TARIFFS OF CHARGES